

BEFORE THE OIL & GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF THE APPLICATION OF)
KERR-MCGEE OIL & GAS ONSHORE LP FOR)
AN ORDER ESTABLISHING ONE (1) 160-)
ACRE WELLBORE SPACING UNIT FOR ONE)
(1) HORIZONTAL WELL IN THE NIOBRARA)
FORMATION FOR SECTION 28, TOWNSHIP 1)
NORTH, RANGE 66 WEST, 6TH P.M., IN THE)
WATTENBERG FIELD, WELD COUNTY,)
COLORADO)

Cause No. 407

Docket No. _____

APPLICATION

COMES NOW Kerr-McGee Oil & Gas Onshore LP (referred to herein as "Applicant"), by and through its undersigned attorneys, and makes application to the Oil and Gas Conservation Commission of the State of Colorado ("Commission"), for an order establishing one (1) 160-acre wellbore spacing unit for the drilling of one (1) horizontal well for production of oil, gas, and associated hydrocarbons from the Niobrara Formation underlying Section 28, Township 1 North, Range 66 West, 6th P.M., Weld County, Colorado ("Application Lands"). In support thereof, the Applicant states and alleges as follows:

1. Applicant is a corporation duly authorized to conduct business in the State of Colorado.
2. Applicant owns all or a substantial portion of the leasehold interests on the Application Lands.
3. On February 19, 1992, the Commission issued Order No. 407-87 (amended August 20, 1993), which among other things, established 80-acre drilling and spacing units for the production of oil and/or gas from the Codell and Niobrara Formations underlying certain lands, including the Application Lands, with the permitted well locations in accordance with the provisions of Order No. 407-1. Order No. 407-1 (amended on March 29, 2000 in accordance with Order No. 407-17, entered November 18, 1985), among other things, established 80-acre drilling and spacing units for the production of oil and/or gas and associated hydrocarbons from the Codell Formation underlying certain lands, including the Application Lands, with the drilling and spacing unit to be designated by the operator drilling the first well in the quarter section, (or the Director, if the operator fails to designate). The permitted well shall be located in the center of either 40-acre tract within the drilling and spacing unit with a tolerance of 200 feet in any direction. The operator shall have the option to drill an additional well on the undrilled 40-acre tract in each 80-acre drilling and spacing unit.
4. On April 27, 1998, the Commission adopted Rule 318A, which, among other things, established drilling windows and allowed certain drilling locations to be utilized to drill or twin a well, deepen a well or recomplete a well and to commingle any or all of the Cretaceous Age Formation from the base of the Dakota Formation to the surface. The Application Lands are subject to the foregoing Order and Rule 318A. Pursuant to Rule 318A.j. Rule 318A supersedes all prior Commission drilling and spacing orders affecting well location and density requirements of GWA wells.

5. Applicant plans to drill one (1) horizontal well on the Application Lands within the proposed 160-acre wellbore spacing unit. The 160-acre wellbore spacing unit will consist of the W $\frac{1}{2}$ E $\frac{1}{2}$ of Section 28, Township 1 North, Range 66 West, 6th P.M., Weld County, Colorado. The proposed Marrs 2N-28HZ Well has a proposed surface hole location of 275' FSL and 1874' FWL of Section 28, Township 1 North, Range 66 West and a proposed bottomhole location of 460' FNL and 1980' FEL of Section 28, Township 1 North, Range 66 West. A Well Location Certificate for the Marrs 2N-28HZ Well is attached.

6. Applicant requests that the Commission establish a 160-acre wellbore spacing unit that will include the Marrs 2N-28HZ Well. Applicant confirms that it is not changing the established 80-acre drilling and spacing units for any existing vertical Niobrara Formation wells. Applicant further confirms that it is not changing the established distribution of proceeds for any existing vertical Niobrara Formation wells. Applicant will allocate and distribute proceeds from the Marrs 2N-28HZ Well on a 160-acre basis.

7. Applicant asserts that a 160-acre wellbore spacing unit for the Marrs 2N-28HZ Well will allow for economic and efficient drainage of the Niobrara Formation; will prevent waste; will not adversely affect correlative rights and will assure the greatest ultimate recovery of gas and associated hydrocarbon substances from the reservoirs. A 160-acre wellbore spacing unit is not smaller than the maximum area that can be economically and efficiently drained by one (1) horizontal well in such unit.

8. The surface location for the Marrs 2N-28HZ Well is located within an established drilling window pursuant to Commission Rule 318A.a. The horizontal well shall be located at the designated surface location. The treated interval of the Marrs 2N-28HZ Well shall be no closer than 460' from the boundaries of the 160-acre wellbore spacing unit. The Applicant maintains that the one (1) horizontal well will have no adverse effect on correlative rights of adjacent owners.

9. Notice will be provided to the interested parties set forth on Exhibit A pursuant to Rule 503.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing, that notice thereof be given as required by law and that upon such hearing this Commission shall enter its order:

A. Establishing a 160-acre wellbore spacing unit on the Application Lands for the Marrs 2N-28HZ Well;

B. Approving the surface location for the Marrs 2N-28HZ Well as located within an established drilling window pursuant to Commission Rule 318A.a. and establishing that the treated interval of the well shall be no closer than 460' from the boundaries of the 160-acre wellbore spacing unit;

C. Finding that the 160-acre wellbore spacing unit will prevent waste, protect correlative rights, and will maximize the efficient and economic production of the Niobrara Formation on the Application Lands; and

D. Granting any other relief necessary to prevent waste and protect correlative rights of the adjacent owners.

Dated this 28th day of April, 2011.

Respectfully submitted,

KERR-MCGEE OIL & GAS ONSHORE LP

By: _____

Jamie L. Jost
Michael J. Wozniak
Beatty & Wozniak, P.C.
Attorneys for Applicant
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(303) 407-4499

Applicant's Address:

P.O. Box 173779
Denver, CO 80217-3379

VERIFICATION

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

Nancy McDonald, of lawful age, being first duly sworn upon oath, deposes and says that she is Staff Landman for Kerr-McGee Oil & Gas Onshore LP and that she has read the foregoing Application and that the matters therein contained are true to the best of her knowledge, information and belief.

Name: _____

Subscribed and sworn to before this ____ day of April, 2011.

Witness my hand and official seal.

[SEAL]

My commission expires: _____

Notary Public

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AFFIDAVIT OF MAILING

STATE OF COLORADO)
)ss.
CITY AND COUNTY OF DENVER)

Jamie L. Jost of lawful age, and being first duly sworn upon her oath, states and declares:

That she is the attorney for Kerr-McGee Oil & Gas Onshore LP, that on or before May ____, 2011, she attempted to cause a copy of the attached Application to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on Exhibit A to the Application, but there is no known address for such parties.

Jamie L. Jost

Subscribed and sworn to before me on April __, 2011.

Witness my hand and official seal.

My commission expires: _____.

Notary Public

EXHIBIT A

Max Edgar Moler
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BRIGHTON, CO 80601

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Kent Kuster
Colorado Department of Public Health and Environment
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